

R.J. REYNOLDS
Tobacco Company

R.J. Westenberg
Division Manager
5 Hemphill place
Suite 220
Ballston Spa, NY 12020
Phone: (518) 899-8812
Fax: (518) 899-7205

To: Roger Farmer
Date: February 29, 1996
Subject: DPC signup results

Dear Roger,

As you know, the Albany Division took a different approach to obtaining maximum results from our DPC program in 1996. I'm pleased to report that the tack we took was quite successful. While the Direct Accounts were not phenomenally successful in selling our program to their accounts, some had very good results (Finkle: 96 stores, Standard-Rosenbaum: 30 stores, Lavin: 22 stores, etc.). What we did achieve, and I think it's significant, is we SOLD the Direct Accounts on selling!

All of the wholesalers allowed us to attend their sales meetings and present the concept of selling RJR programs to retailers in their territories. Additionally, due to our willingness to "assist" the directs in selling programs to pump up their Partners payments, we have established 100% of the infrastructure needed to support DPC packing and shipping to retail. All of this was accomplished in a spirit of cooperation and Partnership, rather than us just handing the Wholesalers another huge list of accounts to ship our promotions to. All appreciated the fact that we would give their sales people the opportunity to "lock-in" their customers, rather than any other wholesaler the store buys from.

This new found cooperation is also assisting us in other areas, such as the Doral Box intro. For example, Standard-Rosenbaum will be giving their S/R's 20 cents per carton on sales of Doral box styles from their 30 cent Count/Recount monies.

Another important aspect of having the jobbers go before us, was that we were able to complete our contract signings by 2/15/96, as requested, rather than go to our lowest volume stores, when all other competitors seemed to be presenting contracts to our best accounts.

51859 6841

This process is not over yet. While the vast majority of stores have been contacted once, jobber sales reps are still hammering home the value of RJR promotions to the low volume accounts they service. Hopefully, this program will continue to evolve and we will increase our penetration into this call class with minimal RJR S/R involvement.

Regards,

Rick

R.J. Westenberg
RJW/rjw

51859 6842